

Patent

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Response to the Office Action mailed 12 December 2007

Appendix 2



Market Scan

Nabi's Fundamental Failure

Peter Kang, 11.01.05, 3:53 PM ET

Banc of America Securities downgraded shares of **Nabi Biopharmaceuticals** (nasdaq: **NABI** - news - people) to "neutral" from "buy" after the biotech firm said a late-stage trial for experimental staph infection treatment StaphVAX failed to meet its primary endpoint.

The Phase III study indicated no reduction in *S. aureus* infections compared with a placebo. Banc of America analyst Lei Zhong said the disappointing data "draws into question the basic scientific rationale of StaphVAX and we don't believe it can be addressed successfully in the near term."

Zhong slashed the price target on the stock to \$5 from \$18, based on current product sales, estimated at \$120 million in 2005. "The leading explanation at this point centers on some fundamental misunderstanding of polysaccharide vaccine technology," he said.

The research analyst did not include net cash of \$1 per share and the value of the experimental nicotine addiction vaccine (\$1) as he did in a previous valuation analysis "since we believe the out-right failure of StaphVAX calls into question Nabi's ability to develop vaccines."

Banc of America initiated coverage on Nabi on Oct. 17, saying StaphVAX "appears to be a relatively low-risk phase III candidate." Shares were seen down wider than 70% in Tuesday's session.